

G DB

Stephen B. Morris, M.D.  
4244 Highway 1  
Raceland, Louisiana, 70394  
(504) 537-3201  
Fax (504) 537-4004  
January 18, 2021

David Bordelon  
Louisiana Board of Ethics  
P. O. Box 4368  
Baton Rouge, LA 70821

Dear Mr. Bordelon:

I am writing this letter in an obvious attempt to continue my service as a member of the Lafourche Parish Hospital Service District No. 2 Board. The enclosed copy of the decision of the Board of Ethics dated October 22, 2018 signed by you is in and of itself something I fully understand, and feel under the strict interpretation I would agree with. My rationale for this letter is to request re-consideration. In the interim of this letter and now, I feel enough has been clearly defined that your board may consider this additional information to issue some form of a revised dispensation (for lack of a better term).

Although some form of negotiations has occurred between me and Ochsner, to this point, nothing has changed, making my assumptions valid, that there have thus far been no violations by me. I would also hope that my good faith pre-incident request indicates I want no part of any potential perception of a violation. I intend to sign the legally binding lease agreement in the next couple days. It is my hope that you will look at it and come to the conclusion there is and will be no ethical violation.

I am enclosing a complete copy of the Lease.

I don't anticipate any changes will be made, but assure you if they do I will immediately notify you. The lease also spells out no exchange of money for at least 120 days, (my assumption being no violation can occur unless and until that event occurs).

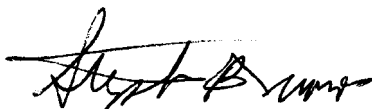
Please feel free to call me at 985-226-7901, and any mail should be addressed to:

4244 Highway 1

Raceland, LA 70394

Thank-you.

Sincerely,



Stephen B. Morris, M.D.

ETHICS BOARD REC'D  
JAN 26 '21 PM 1:36



STATE OF LOUISIANA  
DEPARTMENT OF STATE CIVIL SERVICE  
**LOUISIANA BOARD OF ETHICS**

P. O. BOX 4368  
BATON ROUGE, LA 70821  
(225) 219-5600  
FAX: (225) 381-7271  
1-800-842-6630  
www.ethics.la.gov

October 22, 2018

Stephen B. Morris, M.D.  
Orthopaedic Associates  
162 Acadia Drive  
Raceland, Louisiana 70394

Re: **Louisiana Board of Ethics**  
**Docket No. 2018-1148**

Dear Dr. Morris,

The Louisiana Board of Ethics, at its October 19, 2018, meeting, considered your request for an advisory opinion as to whether the Code of Governmental Ethics ("Code") would prohibit you from leasing office space to Ochsner Health System ("Ochsner"). You currently serve as a member of the Lafourche Parish Hospital Service District No. 2 ("District") which has an agreement with Ochsner to operate the Ochsner St. Anne Hospital in Raceland. Ochsner has approached you about the possibility of leasing office space from your medical office in Raceland.

La. R.S. 42:1111C(2)(d) provides that no public servant shall receive anything of economic value for, or in consideration of services rendered, or to be rendered, to or for any person who has, or is seeking to obtain, a contractual, business, or financial relationship with the public servant's agency. La. R.S. 42:1102(20.1) defines "service" to include the leasing, rental, or sale of immovable property.

The Board concluded, and instructed me to inform you, that Section 1111C(2)(d) would prohibit you, while you serve on the District Board, from receiving lease payments from Ochsner while Ochsner has a contractual, business, or financial relationship with the District.

This advisory opinion is based solely on the facts as set forth herein. Changes to the facts as presented may result in a different application of the provisions of the Code of Governmental Ethics. The Board issues no opinion as to past conduct or as to laws other than the Code of Governmental Ethics, the Campaign Finance Disclosure Act, the Lobbyist Disclosure Act, and conflict of interest provisions in the gaming laws. If you have any questions, please contact me at (800) 842-6630 or (225) 219-5600.

Sincerely,

**LOUISIANA BOARD OF ETHICS**

David M. Bordelon  
For the Board

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OCT 25 2018

## LEASE AGREEMENT

This LEASE AGREEMENT (the "Lease Agreement") made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ (the "Effective Date"), between Stephen B. Morris, MD and Cynthia A. Morris (together "Landlord") and Ochsner Clinic Foundation ("Tenant") shall have the following terms:

WITNESSETH:

### 1. LEASED PREMISES.

1.1 Landlord hereby leases to Tenant, for the Term, at the Rental and on the other terms and conditions set out in this Lease Agreement, the Leased Premises defined below, which shall include the building described as:

That certain building located at municipal number 162 Acadia Park Drive, Raceland, LA 70394 (the "Building").

1.2 The Building is located on the property legally described on attached Exhibit "A" and owned by the Landlord (the "Land"). The parking facilities and the surrounding landscaped areas are referred to in this Lease Agreement as the "Grounds."

1.3 Landlord and Tenant stipulate that the Building contains approximately 3,150 square feet available to Tenant.

1.4 The "Leased Premises" shall consist of:

- i. The Grounds, Building and that portion of the Land upon which they are situated, shown on the drawing attached as Exhibit "B"; and
- ii. The items of work and materials ("Initial Improvements") to be performed in accordance with Section 3 and the work letter attached as Exhibit "C" (the "Work Letter").

### 2. TERM.

2.1 The initial term of this Lease Agreement will be Ten (10) years, unless sooner terminated as provided in this Lease Agreement (the "Initial Term"). The Initial Term will commence Effective Date of the Lease (the "Commencement Date").

2.2 The Initial Term will terminate Ten (10) years after the Commencement Date, unless sooner terminated under the provisions of this Lease Agreement.

2.3 Tenant may renew this Lease Agreement for Two (2) additional consecutive terms of Sixty (60) months each (each a "Renewal Term") by giving notice of renewal at least ninety (90) days prior to the expiration of the Initial Term or the applicable Renewal Term, provided that, at the time of renewal, Tenant is not in default under this Lease Agreement beyond any applicable grace or cure period. All provisions in this Lease Agreement will apply to each Renewal Term. The

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Initial Term and, if exercised, any Renewal Term may be collectively referred to as the "Term" of the Lease Agreement.

### 3. INITIAL IMPROVEMENTS.

3.1 Tenant, at its expense, may make certain initial improvements (the "Initial Improvements") to the Leased Premises necessary for Tenant's use thereof in accordance with plans, drawings and specifications submitted to and approved by Landlord (the "Plans and Specifications"), such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall submit to Landlord the Plans and Specifications prior to commencing construction, and Landlord shall have fifteen (15) days after the receipt thereof in which to approve or reject the Plans and Specifications. If, at any time, Landlord rejects the Plans and Specifications, the reasons for rejection shall be clearly stated in writing so that Tenant is able to address the reasons and thereby gain Landlord's approval on resubmission. If Tenant resubmits Plans and Specifications, Landlord shall have five (5) days in which to approve or reject the same. This process shall continue until the Plans and Specifications are approved. If Landlord fails to give notice of its rejection within the foregoing time periods, Landlord shall be deemed to have consented to such Plans and Specifications.

3.2 Landlord warrants the Land and the Building are or shall be suitable, as of the Commencement Date, for the use intended as to matters regulated by City or Parish officials pertaining to Tenant's business, such as zoning or permitting. Tenant and Landlord shall each have rights to claim actual damages from any governing authority which modifies such zoning or permitting regulations, and such matters shall be controlled according to the provisions concerning a "Taking" as defined more specifically below per Section 14 hereof.

### 4. RENTAL.

4.1 Commencing on the earlier of (i) One Hundred Twenty (120) days after delivery of the premises; or (ii) the first date that the Leased Premises opens for business to the public (the "Rent Commencement Date") and continuing during the Term of this Lease Agreement, Tenant will pay Landlord monthly base rental ("Base Rent") as follows:

<b>Base Rent</b>			
<b>PERIOD</b>	<b>ANNUAL RATE PER RENTABLE SQUARE FOOT</b>	<b>MONTHLY BASE RENT</b>	<b>ANNUAL BASE RENT</b>
Year 1	\$14.00	\$3,675.00	\$44,100.00

The Annual Base Rental Rate shall escalate by two percent (2%) on the first anniversary of the Rent Commencement Date and each anniversary thereafter during the term of this Lease.

4.2 Base Rent is payable in monthly installments, starting on the Rent Commencement Date, on or before the first day of each month during the term. All other amounts that may become due under this Lease Agreement will constitute Additional Rent (as defined below), and the term "Rent" as used in this Lease Agreement will mean all Base Rent together with all Additional Rent. All Rent must be received by Landlord when due, without prior notice or demand (except for any

notice required relating to Additional Rent), to Landlord or its agent at 4244 Highway 1, Raceland, LA 70394 or to any other party or at any other address that Landlord may designate in writing.

4.3 If the Term of this Lease Agreement begins on any day other than the first day of a calendar month or ends on any day other than the last day of a calendar month, the monthly installment of Base Rent for that fractional month will be prorated in the proportion that the number of days within that month that this Lease Agreement was in effect.

4.4 Upon demand by Landlord, Tenant shall pay a late charge to Landlord equal to four percent (4%) of the overdue amount if such overdue amount is not paid within ten (10) business days of receipt of Landlord's written notice to Tenant that the overdue amount is delinquent.

4.5 In the event that Tenant does not pay all charges, taxes, utilities, any other sums Tenant is obliged to pay under this Lease Agreement, or charges required to be paid by Tenant under this Lease Agreement, Landlord may, but is not required to, pay any sums due. Tenant shall pay Landlord as Additional Rent all sums of money Landlord disburses as provided in this paragraph, whether or not the same shall be designated as Additional Rent.

## 5. ADDITIONAL RENT.

5.1 Tenant shall pay to Landlord, as Additional Rent, any sums owed by Tenant pursuant to the terms of this Lease or otherwise arising in connection with Tenant's occupancy of the Leased Premises (the "Additional Rent"). The Additional Rent shall become due and payable within thirty (30) days of Landlord's written notice to Tenant. "Additional Rent" shall include:

- i. Taxes and Insurance. Tenant shall reimburse Landlord for all Property Taxes & Casualty Insurance paid by Landlord.
- ii. Maintenance Costs. Tenant shall reimburse Landlord for all Maintenance Costs (as defined below) other than Building Maintenance (as defined below).
- iii. Utilities. To the extent not paid directly by Tenant and instead paid by Landlord, any utilities serving the Leased Premises. If said utilities serve more than one tenant of the Land, such amounts shall be prorated.

5.2 Additional Rent shall not include the following:

- i. Building Maintenance, except for any repairs occasioned by the act or negligence of Tenant, its agents, contractors, employees, subtenants, licensees, concessionaires and invitees;
- ii. the cost of any work or service provided that is in addition to that which Landlord is obligated or permitted to provide to Tenant under the provision of this Lease Agreement;
- iii. legal fees, leasing commissions, costs, disbursements, and other expenses incurred for leasing, renovating, or improving Leased Premises;

- iv. costs (including permit, license, and inspection fees) incurred by Landlord in renovating, improving, decorating, painting or redecorating vacant space or space for other tenants of the Land (if any);
- v. the cost of any repairs, alterations, additions, improvements, changes, replacements and the like which, under generally accepted accounting principles, are properly classified as capital expenditures, capital repairs or capital improvements and rentals for items which, if purchased rather than rented, would constitute a capital improvement, item or equipment;
- vi. costs or expenses incurred as a result of disputes or negotiations with other tenants or occupants of the Land, if any, including but not limited to attorneys' fees, any costs or expenses incurred in negotiating, amending, administering or terminating leases, any brokerage commissions, or construction or planning expenses associated with improvement work to the premises of any other tenants or occupants of the Land;
- vii. general depreciation and amortization of the Building without reference to specific costs associated with wear and tear;
- viii. any costs incurred because Landlord violated the terms of the Lease Agreement;
- ix. any amount paid to a subsidiary or affiliate of Landlord for supplies or other materials, to the extent that the cost of the services, supplies, or materials exceed the competitive cost of the services, supplies, or materials were they not provided by a subsidiary or affiliate;
- x. salaries of Landlord's managers, property manager, officers, executives, employees and agents;
- xi. Landlord's general overhead for operating its entity and general administrative expenses, including unspecified accounting and legal costs, costs of preparing corporate, partnership or other tax returns, or financial statements, including costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Leased Premises or the Land;
- xii. interest on debt or amortization payments on mortgages or any other debt for money borrowed by Landlord;
- xiii. compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord;
- xiv. rentals and other related expenses incurred in leasing air conditioning systems, elevators, or other equipment ordinarily considered to be of a capital nature (viz., not related to maintenance or costs associated with maintaining

warranties, such as service and inspection), except equipment used in providing janitorial services that is not affixed to the Building;

- xv. items and services for which Tenant or any other tenant pays directly to third parties;
- xvi. the cost of any items for which Landlord is reimbursed by insurance, entitled to be reimbursed or otherwise;
- xvii. the cost of any steps necessary to bring the Building or Leased Premises into compliance with the Americans with Disabilities Act, as that law was interpreted as of the Commencement Date;
- xviii. any penalties, late charges, or other similar charges incurred by Landlord on account of late or faulty performance by Landlord of any obligation owed by Landlord to a third party;
- xix. advertising and promotional expenditures;
- xx. repairs or other work required because of fire, windstorm, or other casualty of an insurable nature;
- xxi. the cost, recurring or nonrecurring, of correcting defects in the construction materials or installations, the design, engineering, structure or construction of the Building or the Leased Premises and any excess costs due to any defect, inadequacy or inefficiency of Building systems as compared with operations customarily existing in office buildings of similar class in the community, city or metropolitan area in which the Building is located;
- xxii. any costs, fines, or penalties incurred because Landlord violated any governmental rule or authority;
- xxiii. costs incurred to test, survey, cleanup, contain, abate, remove, or otherwise remedy hazardous wastes or asbestos-containing materials from the Building, unless the hazardous wastes or asbestos-containing materials were in or on the Building because of Tenant's negligence or intentional acts;
- xxiv. cost of repairs resulting from the Landlord's negligence;
- xxv. any cost for a service or any expense caused by the act of omission of another tenant and which is not covered by Landlord's insurance;
- xxvi. federal, state, or local income taxes, franchise, gift transfer, excise, capital stock, estate, succession, or inheritance taxes;
- xxvii. other expenses that under generally accepted accounting principles would not be considered normal building maintenance, repair, management, or operation expenses; or

xxviii. any entertainment, dining or travel expenses of Landlord for any purpose.

5.3 Tenant may, within sixty (60) days after receiving the notice of Additional Rent conduct an audit of Landlord's books and records relating to the documentation of expenses included in the Operating Costs. Tenant may inspect Landlord's books and records during regular business hours, at Tenant's expense. Compensation for any overpayment or underpayment shall be due within thirty (30) days of the inspection. If Tenant's audit uncovers an overcharge equal to five percent (5%) or more of the Additional Rent as billed by the Landlord then Landlord shall be responsible for reimbursing Tenant's associated audit fees.

## 6. REASONABLE RENT.

6.1 Landlord and Tenant hereby acknowledge and agree that the rental payments required pursuant to this Lease Agreement are the product of bona fide, arms-length negotiations and represent the commercially reasonable, fair market value of the Leased Premises for general commercial purposes, without taking into account the intended use of the Leased Premises or the volume or value of any actual or expected federal health care program or other referrals to, or business otherwise generated for, either Landlord or Tenant. The rental payments do not reflect any additional value Landlord or Tenant may attribute to the proximity or convenience of the Leased Premises to sources of referrals or business otherwise generated for which payment may be made in whole or in part under any federal health care program.

## 7. USE.

7.1 Tenant will continuously use and occupy the Leased Premises as general medical and business office space in connection with Tenant's business, and any use related thereto. Tenant may use and occupy the Leased Premises for any other legal use with the prior written consent of Landlord. Tenant will not do or permit to be done any act or thing that would be a nuisance, annoyance, inconvenience, or damage to the other tenants of the Land.

## 8. QUIET ENJOYMENT.

8.1 Landlord warrants that it owns the Building free and clear of all encumbrances except for those listed below:

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8.2 Subject to the encumbrances listed in subsection 8.1 and to the terms and conditions of this Lease Agreement, Landlord hereby warrants that Tenant may peaceably and quietly have, hold and enjoy the Leased Premises during the Term of this Lease Agreement.

8.3 Landlord further warrants that Landlord is the owner of the Land.

## 9. CONDITION OF LEASED PREMISES; MAINTENANCE.

9.1 Tenant has inspected the Leased Premises, and accepts the same in their present "AS IS" condition, acknowledging that the same are in good order and satisfactory condition and



suitable for the purposes for which they are leased. Tenant further acknowledges that, except as otherwise set forth in this Lease Agreement, Landlord has made no representations to Tenant with respect to any alterations, repairs or improvements to be constructed within the Leased Premises.

9.2 During the Term of this Lease Agreement, Tenant shall keep the Leased Premises in good order and repair, ordinary wear and tear and insured casualties excepted, and will conform to and comply with all applicable laws, orders and regulations of federal, state, parish and local government. Tenant shall return them to Landlord in the same condition at the termination of the Lease Agreement, normal decay, wear and tear excepted.

9.3 Tenant shall pay directly all Maintenance Costs, other than Building and Grounds Maintenance (as defined below). The term "Maintenance Costs", as used herein, means all reasonable costs and expenses of which may be paid or incurred during the Lease Term in operating, policing, equipping, lighting, providing electricity, repairing, and maintaining the Building or Grounds, including, without limitation, costs of re-striping the parking area; costs of maintaining the parking lot with asphalt and/or concrete paving; repainting, cleaning, sweeping, and other janitorial services; maintenance of refuse receptacles; landscaping; planting and re-landscaping including the cost of installing and maintaining sprinkler systems and related equipment; directional signs and other markers; car stops; lighting (including the cost of tubes, bulbs and ballasts); repairing and maintaining overhead canopies; repairing gutters and downspouts; exterminating and pest control; maintenance and repair of common utility systems, including water, sanitary and storm sewer lines and other utility lines, pipes and conduits; drainage systems serving the Building or Grounds; installing, operating and maintaining identification signs; premiums for comprehensive general liability insurance covering the Building and Grounds; personal property taxes; fees for required licenses and permits. Notwithstanding anything contained herein to the contrary, with the exception of Building and Grounds Maintenance, Tenant shall be responsible for performing all maintenance to the Leased Premises, including without limitation, repairs, and replacement of HVAC systems.

9.4 Landlord, at Landlord's sole cost and expense, shall keep the foundation, the structural members and portions of the Leased Premises, the exterior walls (except windows, doors, and other exterior openings; exterior finishes; gas, electrical, and water beyond the meter servicing the Building), the roof (excluding damages caused by the activities of Tenant or Tenant's contractors) of the Leased Premises and sewer lines exterior to the Leased Premises that service the Building in good repair and working order ("Building and Grounds Maintenance"). Landlord, however, shall not be required to make any repairs occasioned by the act or negligence of Tenant, its agents, contractors, employees, subtenants, licensees, concessionaires and invitees.

9.5 When reasonably practical, Tenant shall notify Landlord of the necessity for any repair (that is the obligation of Landlord under this Lease Agreement) to the Leased Premises. Landlord shall respond to the request for repair as soon as possible, but no later than five (5) calendar days following Tenant's notice to Landlord ("Response Date"). In the event that Landlord fails to respond by the Response Date, Tenant may effectuate the repair and send Landlord a request for reimbursement. Landlord shall credit Tenant with the reasonable cost of any necessary repair towards future rent, beginning with the following month's rent. Notwithstanding the above, Landlord shall have the affirmative duty to make any repairs that are the obligation of Landlord

under this Lease Agreement at all times, regardless of whether or not Tenant has notified Landlord of the need for such maintenance or repair.

#### 10. ALTERATIONS AND ADDITIONS BY TENANT.

10.1 Tenant will not construct any alterations, additions or improvements to the Leased Premises without Landlord's prior written consent, which may not be unreasonably withheld, conditioned or delayed.

10.2 In the event Tenant desires to construct alterations, additions, or improvements to the Leased Premises, Tenant shall notify Landlord in writing and provide Landlord plans and specifications for such alterations, along with the name of the contractor Tenant desires to conduct the work. Tenant shall allow only Louisiana licensed and insured contractors to do work on the Leased Premises.

10.3 Other than trade fixtures, any additions, alterations, or improvements made by Tenant with Landlord's consent will become the property of Landlord, unless otherwise stipulated in writing. At the end of the term, any alterations or additions constructed by Tenant, other than trade fixtures, will remain upon and be surrendered with the Leased Premises without compensation by Landlord. Except as otherwise provided herein, all furniture and other items that are not permanently attached to and do not form component parts of the Leased Premises will remain the property of Tenant.

10.4 Tenant will not in any manner damage the Leased Premises or any part of the Building or overload the floors of the Leased Premises.

10.5 Tenant may install special telecommunications facilities within the Leased Premises as Tenant reasonably requires, including without limitation, "T-1" lines, cabling and connections from service providers (the "Telecommunications Equipment"). At any time during the Term or at the expiration or earlier termination of this Lease Agreement, Tenant may remove the Telecommunications Equipment at Tenant's sole cost and expense.

#### 11. INDEMNIFICATION.

11.1 Tenant shall hold harmless, indemnify and defend Landlord and its employees and agents from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, and judgments arising by reason of any death, bodily injury, personal injury, or property damage that occurs in or about the Leased Premises and results from the acts or omissions of Tenant, its agents, contractors, or employees or from Tenant's breach of this Lease Agreement.

11.2 Landlord shall hold harmless, indemnify and defend Tenant and its employees and agents from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, and judgments arising by reason of any death, bodily injury, personal injury, or property damage that occurs in or about the Leased Premises and results from the acts or omissions of the Landlord, its agents, contractors, or employees or from Landlord's breach of this Lease Agreement.

#### 12. INSURANCE.

12.1 Throughout the Term of the Lease Agreement, Landlord will maintain the following insurance policies:

- i. Property insurance on the Building, covering all risks covered by an Insurance Services Organization ("ISO") Special Form policy of property insurance, with limits equal to the full replacement value of the insured property;
- ii. NFIP flood hazard insurance on the Building;
- iii. A supplemental policy for of utility services; and
- iv. Rental value insurance covering "loss of rents" under leases with tenants in the Building over a period of one (1) year.

12.2 Throughout the Term, Tenant, at its expense, will maintain the following insurance policies or a plan of self insurance:

- i. An ISO comprehensive general public liability and property damage insurance naming Landlord and its property manager as an additional insured and providing coverage for personal liability and property damage, with a "broad form" endorsement that includes contractual liability coverage for Tenant's agreement to indemnify Landlord as set out in this Lease Agreement, with minimum limits of \$2,000,000.00 combined single limit coverage per occurrence, and \$1,000,000.00 on account of damage to property; and
- ii. Property insurance on all alterations, additions, and improvements that are Tenant's property (with this insurance naming Landlord as a loss payee as its interests may appear) and all furniture, fixtures, equipment, and other personal property located in, upon, or about the Leased Premises (specifically including, but not limited to the items listed on Exhibit "D"), covering all risks covered by an ISO Special Form policy of property insurance, with limits equal to the full replacement value of the insured property

12.3 Certificates and Waiver of Subrogation:

- i. Before the Term begins, Tenant and Landlord will deliver to the other party a certificate of insurance with respect to each policy each is required to obtain under this Section 12.
- ii. Each policy of insurance required under subsection 12.1 will contain a clause providing that each underwriter waives all of its rights of recovery, under legal or conventional subrogation or otherwise, against Tenant. Each policy of insurance required under subsection 12.2 will contain a clause providing that each underwriter waives all of its rights of recovery, under legal or conventional subrogation or otherwise, against Landlord.

- iii. Tenant will not permit any action to be taken on the Leased Premises that would result in an increase of the rate or premium for property insurance for the Building or any tenant of the Building.

### 13. FIRE OR OTHER CASUALTY.

13.1 Tenant will give Landlord immediate notice of any damage to the Leased Premises caused by fire, flood, storm, civil commotion, or other casualty (a "Casualty").

13.2 If the Leased Premises are damaged or destroyed by Casualty to such an extent that they are not usable for the conduct of Tenant's business, and cannot be used within ninety (90) days, then either Landlord or Tenant will have the right, at its option, to terminate this Lease Agreement by notice to the other given within thirty (30) days after the date of the damage or destruction; however, Tenant will not have the right to terminate if the Casualty was caused by the fault or negligence of Tenant or its agents, employees, contractors, or invitees. In addition, if the Leased Premises are damaged or destroyed by Casualty during the last 12 months of the Term of this Lease Agreement, then either Landlord or Tenant may terminate this Lease Agreement by giving notice to the other party within thirty (30) days after the date of the Casualty.

13.3 If either party elects to terminate this Lease Agreement as provided in subsection 13.2, then this Lease Agreement will come to an end on the date of the Casualty with the same effect as if such date were the original termination date, and all rent will be paid by Tenant through the date of the Casualty or the last day on which Tenant conducts business from the Leased Premises, whichever is later.

13.4 If the Leased Premises are damaged or destroyed by Casualty, but this Lease Agreement is not terminated either because the damage or destruction is not sufficiently extensive to give either party that right or because each party elects to retain this Lease Agreement in effect, then:

- i. Landlord will perform repairs or restoration to the Leased Premises and will commence repair and restoration within ten (10) days after the date of loss and will complete the repairs or restoration within ninety (90) days after the date of loss;
- ii. Landlord will repair or restore any alterations, additions, or improvements that are not Tenant's personal property; and
- iii. until repairs and restoration are completed, and provided that the Casualty was not caused by the fault or negligence of Tenant or its agents, employees, contractors, or invitees, Rent will be abated.

13.5 Landlord will have no claim against Tenant or its agents, employees, or representatives, in tort, contract, strict liability, or otherwise, arising from the destruction of or any damage to the Leased Premises by any Casualty (if said Casualty was not caused by Tenant or its agents, employees, or representatives), or from a termination of this Lease Agreement in accordance with this section 13.

#### 14. EMINENT DOMAIN.

14.1 If all of the Leased Premises, or so much of the Leased Premises that the remainder cannot be used for Tenant's business purposes, is taken by a governmental authority by the exercise of its right of eminent domain or a similar right by act in lieu of a taking by eminent domain (a "Taking"), and if the Taking will last longer than the remaining Term of this Lease Agreement, then this Lease Agreement will terminate as of the date on which title vests in the condemning governmental authority with the same effect as if that date were the original termination date of this Lease Agreement, and all rent will be paid through that date.

14.2 If there is a Taking of a portion of the Leased Premises that does not cause the termination of this Lease Agreement, and if that Taking will last longer than the remaining Term of this Lease Agreement, then this Lease Agreement will remain in effect and Rent will be reduced to an amount that is proportionate to the portion of the Leased Premises that remains after the Taking.

14.3 If there is a temporary Taking, that is, a Taking that lasts for less than the remaining Term of this Lease Agreement, Rent will be reduced during the taking in an amount that is fair and proportionate, considering the extent of the Taking, but the Taking will not terminate this Lease Agreement.

14.4 Tenant will not be entitled to any part of any award that may be made by reason of any Taking of all or any part of the Leased Premises; provided, however, that Tenant will have the right to make a claim and to recover for the value of Tenant's leasehold interest and for its moving expenses and its loss of business so long as Tenant's claim does not reduce the amount of Landlord's claim for the value of the Leased Premises.

#### 15. SUBORDINATION.

15.1 This Lease Agreement is subject and subordinate to any mortgage that now or may hereafter encumber the Building, provided however that such subordination shall be conditioned upon the execution of an NDAA. Within thirty (30) days after execution of this Lease Agreement, Landlord shall provide Tenant with a Non-Disturbance and Attornment Agreement ("NDAA"), in the form attached as Exhibit "D", from each existing mortgage holder.

15.2 Within fourteen (14) days after a request from Landlord, mortgage holder, or a proposed mortgagee, Tenant will execute and deliver an estoppel certificate identifying this Lease Agreement as well as a new NDAA in the form attached as Exhibit "D", and acknowledging the status of this Lease Agreement and Landlord's performance of its obligations under this Lease Agreement as of the date of the certificate.

#### 16. SUBLEASE AND ASSIGNMENT BY TENANT.

16.1 Tenant may not sublease all or any part of the Leased Premises or assign any of its rights under this Lease Agreement without Landlord's prior consent, which will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything else herein to the contrary, Lessee may sublease or assign all or part of the Leased Premises to any Affiliate of Lessee or to other physicians or physician groups affiliated with Lessee, without

Lessor's prior written consent. An "Affiliate" of the Lessee is any entity that is, directly or indirectly, controlled by or under common control with Ochsner Clinic Foundation.

16.2 In the event of the transfer and assignment by Landlord of its interest in this Lease Agreement to a person expressly assuming Landlord's obligations under this Lease, Landlord shall thereby be released from any further obligations hereunder, and Tenant agrees to look solely to such successor in interest of the Landlord for performance of such obligations. Any security given by Tenant to secure performance of Tenant's obligations hereunder may be assigned and transferred by Landlord to such successor in interest and Landlord shall thereby be discharged of any further obligation relating thereto. Notwithstanding the foregoing, Landlord shall notify Tenant, in advance, of any anticipated transfer and if Tenant receives advice from outside healthcare legal counsel that such transfer will: (a) not comply with all applicable federal, state and local laws and regulations including, but not limited to the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) and the regulations promulgated thereunder (the "Anti-Kickback Law"), and the Ethics in Patient Referrals Act (42 U.S.C. Section 1395nn) and the regulations promulgated thereunder (the "Stark Law"); (b) in any way affect Tenant's ability to participate in Medicare or any federal health care program; or (c) otherwise interfere with Tenant's licensing or impede Tenant's ability to use the Premises for the Permitted Use, then Landlord and Tenant shall use reasonable efforts to amend this Lease to cure any such issues and, in the event that the Lease cannot be so modified, then Tenant may terminate this Lease effective as of the date of transfer.

#### 17. ACCESS TO LEASED PREMISES.

17.1 Landlord will have the right, with 48 hours advance notice (except in cases of emergency), to enter the Leased Premises, by pass key or otherwise, to make repairs or alterations as may be necessary or desirable for the safety, improvement or preservation of the Leased Premises or any part of the Building (the "Work"), without giving Tenant the right to an abatement of Rent, provided that the Work does not prevent or interfere with Tenant's use of all of the Leased Premises. During the Work, Landlord shall provide Tenant with access to the Leased Premises.

#### 18. DEFAULT BY TENANT.

18.1 Tenant will be in default under this Lease Agreement if any one or more of the following events occurs:

- i. Tenant fails to pay any installment of Rent within thirty (30) days after receipt of written notification from the Landlord;
- ii. Tenant fails to comply with any of the other provisions of this Lease Agreement, and that failure continues for more than thirty (30) calendar days after receipt of written notice by Landlord to Tenant stating in reasonable detail the nature and extent of the failure and identifying the Lease Agreement provision containing the obligation; or
- iii. Tenant becomes insolvent or files a voluntary petition in bankruptcy, or a petition for involuntary reorganization or bankruptcy is filed against Tenant, or Tenant is dissolved or adjudicated bankrupt, or a receiver is appointed for Tenant's business or its assets, or Tenant makes an assignment for the benefit of its creditors.

18.2 If Tenant is in default under this Section 18, Landlord will have the option of proceeding for all past due Rent and damages caused by the default, and, with or without such a proceeding, exercising any or all of the following rights or remedies:

- i. Landlord may retain this Lease Agreement in effect, reserve its right to proceed for enforcement of Lease Agreement obligations coming due in the future, and, at Landlord's option, proceed for specific performance or injunctive relief;
- ii. Landlord may declare all unpaid installments of Base Rent for the entire Term of this Lease Agreement immediately due and payable, reserving its right to proceed later for Additional Rent as these amounts become due; or,
- iii. Landlord may terminate this Lease Agreement.

18.3 If Landlord takes possession of the Premises, Landlord agrees to allow Tenant reasonable opportunity to remove all equipment or property, or to clear any confidential information from the equipment or other item. In the event that equipment or any other item is removed from the possession of Tenant before confidential or protected health information can be permanently and totally cleared from it, Landlord agrees to ensure that no unauthorized persons will view, access or disclose said information and that Landlord will ensure permanent deletion of said information and confirm deletion in writing to Tenant.

18.4 All rights and remedies of Landlord under this Lease Agreement will be cumulative, and none will exclude any other rights or remedies granted in this Lease Agreement or allowed by law.

#### 19. DEFAULT BY LANDLORD.

19.1 Landlord will be in default under this Lease Agreement if Landlord fails to perform, observe, or comply with any provision of this Lease Agreement for more than thirty (30) calendar days after Landlord receives Tenant's written notice stating in reasonable detail the nature and extent of the failure and identifying the Lease Agreement provision containing the obligation ("Notice of Landlord Default").

19.2 Tenant will provide a Notice of Landlord Default to each Mortgage Holder at the same time that Tenant gives to Landlord the Notice of Landlord Default. The performance by Mortgage Holder of any obligation that Landlord is required to perform under this Lease Agreement will be deemed performance by Landlord.

19.3 If Landlord is in default under this Lease Agreement, Tenant will have the option of withholding Rent and proceeding for all damages caused by the default, and, with or without such a proceeding, exercising any and all of its rights available by law.

#### 20. FAILURE TO INSIST ON STRICT PERFORMANCE.

20.1 The failure of Landlord or Tenant to demand strict performance of any obligation under this Lease Agreement will not be construed as a waiver or relinquishment of that obligation.

No waiver by either party of any provision of this Lease Agreement will be deemed to have been made unless expressed in writing and signed by Landlord and Tenant.

## 21. TERMINATION OF LEASE.

21.1 Upon the termination of this Lease Agreement by lapse of time or otherwise, Tenant will return the Leased Premises to Landlord in as good condition as when received, except for ordinary wear and tear and Casualty damage for which Tenant is not responsible.

21.2 Any furniture, equipment, machinery or other movable property brought onto the Leased Premises during Tenant's occupancy may be removed by Tenant at the termination of the Lease Agreement.

21.3 Termination for Compliance. This Lease Agreement may be terminated in accordance with this paragraph by either Landlord or Tenant if: (i) a state or federal administrative agency finds that the terms of this Lease Agreement are not in compliance with state or federal laws or regulations; or (ii) either party receives advice of outside healthcare legal counsel that the terms of this Lease Agreement are not in compliance with state or federal laws or regulations, or with an accrediting body's rules and regulations. In that event, Landlord and Tenant shall use reasonable efforts to restructure this Lease Agreement to eliminate the offending provision(s). If the offending provision(s) cannot be so modified, then either party may terminate this Lease Agreement immediately upon written notice to the other party.

## 22. HOLDING OVER.

22.1 If Tenant continues occupying the Leased Premises after the Term ends ("Holdover"), then:

- i. if the Holdover is with Landlord's consent following the time period for exercising any option under this Lease Agreement, Tenant's occupancy will be terminable by either party upon one hundred eighty (180) days advance notice to the other party. Tenant will pay at the beginning of each month Base Rent that is five (5%) percent higher than the amount due in the last full month immediately preceding the Holdover period;
- ii. if the Holdover is without Landlord's written consent or occurs during a period of a potential Renewal Term, then Tenant will pay by the first day of each month 150% of the Base Rent due in the last full month immediately preceding the Holdover period.

22.2 Except for the Term and the Base Rent, any Holdovers will be on the same terms and conditions as the Lease Agreement.

## 23. EXPENSES AND ATTORNEY'S FEES.

23.1 If a suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted with respect to any dispute relating to



this Lease Agreement, the prevailing or non-defaulting party will recover from the losing or defaulting party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection with the dispute or proceeding, but only after final and non-appealable judgment.

#### 24. HAZARDOUS MATERIALS.

24.1 Landlord shall, before the Commencement Date and at its sole cost and expense, remove any Hazardous Materials located in or about the Leased Premises in compliance with all laws, ordinances, and regulations applicable to the Leased Premises. Landlord represents and warrants that there are no Hazardous Materials located in or about the Leased Premises as of the Commencement Date.

24.2 Tenant will not permit any Hazardous Materials to be brought upon, stored, or used in the Leased Premises during its occupancy of the Leased Premises, except for those Hazardous Materials necessary for the intended use, which Tenant shall dispose of in compliance with all applicable laws and regulations.

24.3 The term "Hazardous Materials" means any material or substance that is:

- i. defined as a hazardous substance under any law of the state of Louisiana;
- ii. petroleum;
- iii. asbestos;
- iv. designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1321);
- v. defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903);
- vi. defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; or
- vii. defined as a "regulated substance" pursuant to Subchapter IX, Solid Waste Disposal Act (Regulation of Underground Storage Tanks), 42 U.S.C. Section 6991 et seq.

#### 25. COMPLIANCE WITH LAWS.

25.1 Tenant will comply with all present and future laws, ordinances and regulations of all governmental authorities required by its particular use of the Leased Premises.

25.2 Landlord represents that the Building and the Leased Premises will be in compliance with all laws, ordinances and regulations of all governmental authorities, including the Americans with Disabilities Act of 1990, as amended (the "ADA") on the Commencement Date. Landlord

further represents and warrants that the Leased Premises will be handicap-accessible from all entrances and exits of the Building and that any alterations to the Leased Premises performed by Landlord will be performed in compliance with the ADA.

25.3 Tenant warrants that any alterations to the Leased Premises performed by Tenant will be performed in compliance with the ADA.

26. NOTICE.

26.1 Any notice or other communication to be given under this Lease Agreement by Landlord to Tenant or by Tenant to Landlord will be in writing and will be considered as duly given if addressed to the other party and mailed by registered or certified mail, postage prepaid, to the following addresses, or to any other address that either party may from time to time designate by notice to the other party:

LANDLORD:

Stephen B. Morris, MD  
Cynthia A. Morris  
4244 Highway 1  
Raceland, LA 0394

WITH COPY TO:

TENANT:

Ochsner Clinic Foundation  
Attention: Corporate Real Estate  
1450 Poydras Street, Suite 300  
New Orleans, LA 70112

With a copy to:

Ochsner Clinic Foundation  
Office of Legal Affairs  
1450 Poydras Street, Suite 2250  
New Orleans, LA 70112  
Attn: General Counsel

27. SIGNS.

27.1 Tenant may affix to the Leased Premises tasteful signage displaying its occupancy, subject to Landlord's prior approval.

27.2 Tenant will design, construct, and erect exterior signs as contemplated above. The design and style of the signs must be approved by all appropriate governmental authorities. Tenant will retain ownership of any signs constructed by Tenant under this Section 27.2 until the expiration or termination of this Lease Agreement. Upon the expiration or termination of the Lease Agreement and at Tenant's expense, Tenant shall remove all Tenant's exterior signage on the Building or Grounds.

## 28. BROKER COMMISSIONS.

28.1 Landlord and Tenant represent and warrant to each other that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Lease Agreement. Tenant and Landlord shall indemnify and hold the other harmless from any costs, expenses or liability for commissions or other compensation or charges claimed by any broker or agent.

## 29. MISCELLANEOUS.

29.1 This Lease Agreement is a Louisiana contract, to be interpreted and enforced under and in accordance with the laws of the State of Louisiana, and in the event of litigation hereafter, the parties hereto do hereby declare and stipulate that Judicial District Court for the district in which the Land is located shall have sole venue and jurisdiction.

29.2 Section headings in this Lease Agreement are for convenience only and are not to be construed as part of this Lease Agreement or in any way defining, limiting or amplifying the provisions thereof.

29.3 If any term or provision of this Lease Agreement is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term or provision of this Lease Agreement.

29.4 Excluded Provider. Landlord and Tenant each separately represent and warrant that neither it, nor any of its employees or representatives, are now listed by a federal agency as excluded, debarred, suspended, or otherwise ineligible to participate in federal programs, including Medicare and Medicaid, and are not now listed, nor has any current reason to believe that during the term of this Lease Agreement will be so listed, on the HHS-OIG Cumulative Sanctions Report or the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs. Landlord and Tenant agree that either may terminate this Lease Agreement, upon notice to the other, in the event that either Party is listed on the HHS-OIG Cumulative Sanctions Report or on the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

29.5 Referrals. Landlord and Tenant acknowledge the rent paid herein is consistent with fair market value in an arms-length transaction and is not conditioned on any requirement that the parties make referrals to, be in a position to make or influence referrals to, or otherwise generate business for the other party

29.6 At the request of either party, both parties will execute an extract of lease containing the information set out in La. R.S. § 9:2742. The extract of lease may be recorded at the cost of the

party desiring recordation. If an extract of this Lease Agreement is recorded by either party, within 5 days of the termination of this Lease Agreement, Tenant will execute and deliver to Landlord at the end of the term any document that Landlord may require stating that this Lease Agreement has terminated.

**29.7 Landlord and Tenant shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. Moreover, these regulations require that covered parties take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. Landlord and Tenant each agrees to comply with all the provisions set forth in 29 CFR Part 471, Appendix A to Subpart A (Executive Order 13496).**

#### EXHIBITS TO LEASE AGREEMENT

- Exhibit "A"    Legal description of Land
- Exhibit "B"    Floor plan of Building showing Premises
- Exhibit "C"    Form of Nondisturbance Agreement

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has executed this Lease Agreement in the presence of the undersigned competent witnesses as of the date first above written.

Witnesses:

Landlord:

STEPHEN B. and CYNTHIA A.  
MORRIS

By: \_\_\_\_\_

Name: Stephen B. Morris, MD

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Print name:

By: \_\_\_\_\_

Name: Cynthia A. Morris

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Print name:

IN WITNESS WHEREOF, the undersigned has executed this Lease Agreement in the presence of the undersigned competent witnesses as of the date first above written.

Witnesses

Tenant:

OCHSNER CLINIC FOUNDATION

\_\_\_\_\_  
By: \_\_\_\_\_

Name:

Title:

Print name:

\_\_\_\_\_  
By: \_\_\_\_\_

Name:

Title:

Print name:

Exhibit "B"

Floor Plan

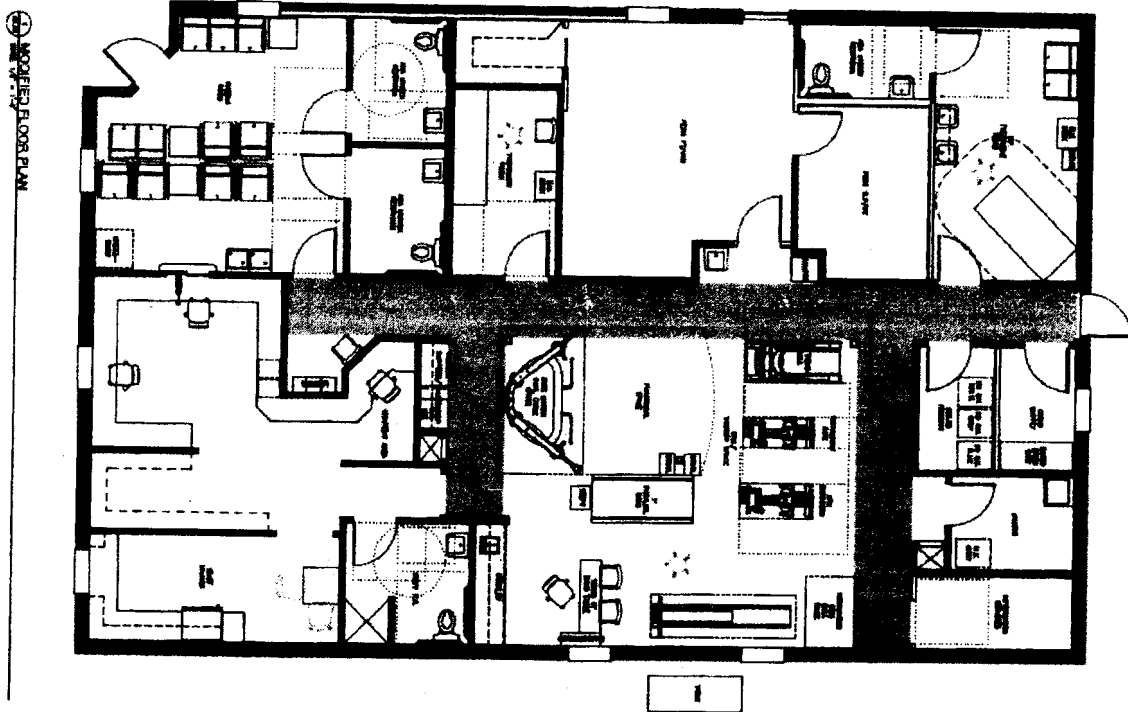


Exhibit "C"

Form of Nondisturbance Agreement

Nondisturbance and Attornment Agreement

State of \_\_\_\_\_, Parish of \_\_\_\_\_

Be it known that on this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_, before me, the undersigned Notary Public, duly commissioned and qualified in and for the parish and state set forth above, and in the presence of the witnesses hereinafter named and undersigned, personally came and appeared:

\_\_\_\_\_ ("Mortgagee"), a \_\_\_\_\_ organized under the laws of the state of \_\_\_\_\_, represented herein by its undersigned duly authorized representative, mailing address \_\_\_\_\_, Tax ID No. xx-xxx \_\_\_\_\_.

Mortgagee, being first duly sworn, deposed and said that it grants this Nondisturbance and Attornment Agreement to Ochsner Clinic Foundation ("Tenant").

1. Tenant holds a lease ("Lease") from \_\_\_\_\_ covering leased premises described as follows:

\_\_\_\_\_ located on property ("Property") described on Exhibit "A" annexed hereto. The Lease is described in an Extract of Lease recorded in the conveyance records of \_\_\_\_\_ Parish, Louisiana, as Entry No. \_\_\_\_\_, Conveyance Book \_\_\_\_\_, page \_\_\_\_\_.

2. Mortgagee holds a mortgage, assignment of leases and rents and security agreement covering the Property, recorded in the mortgage records of \_\_\_\_\_ Parish, Louisiana, as Entry No. \_\_\_\_\_, Mortgage Book \_\_\_\_\_, page \_\_\_\_\_ [, and in Conveyance Book \_\_\_\_\_, page \_\_\_\_\_] (the "Mortgage").

3. So long as the Tenant is not in default under the Lease beyond any applicable grace or cure periods (an "Event of Default"), neither the Mortgagee nor any person or legal entity acquiring title to or an interest in the Property as a result of enforcement of the Mortgage, or as a result, directly or indirectly, of a giving in payment, deed in lieu of foreclosure or other transaction derived from the Mortgage, or their respective successors or assigns, shall terminate or disturb Tenant's possession of the Leased Premises under the Lease, provided Tenant shall continue its Lease with Mortgagee.



**Witnesses:**

\_\_\_\_\_

\_\_\_\_\_

**Print name:**

**Mortgagee:**

\_\_\_\_\_

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Notary Public**

**Bar Roll or Notary No.** \_\_\_\_\_  
**Commission Expires:** \_\_\_\_\_

**[Seal]**

**Witnesses must be persons other than the Notary Public.**